

The City Council of the City of Newton held a budget work session at 5:30 PM on Tuesday, June 1, 2004 at City Hall with the following present: Mayor Robert Mullinax, Council Members Wayne Dellinger, Al Gaither, Tom Dixon, Tom Rowe, Anne Stedman, Roy Johnson, City Manager Edward Burchins, City Attorney Larry Pitts, Assistant City Manager Glenn Pattishall and City Clerk Rita Williams.

ITEM 1 - CALL TO ORDER.

Mayor Mullinax called the budget work session to order which was recessed from the May 20, 2004 budget work session. He said Council Members would be given an opportunity to speak on any item proposed in the budget which they wanted to further discuss but he did not plan to review the budget line item by line item again.

City Manager Burchins reviewed the following proposed items which the Council discussed at previous budget work sessions:

- tipping fees paid to Catawba County for garbage disposal are proposed to be increased from \$2.35 to \$3.00 per month per household
- proposed fire inspection fees were reduced from those originally presented

A motion was made by Council Member Gaither, seconded by Council Member Johnson, and unanimously adopted for the Planning Department's proposed fees for land disturbance permits will remain the same, other proposed Planning Department fees will increase as presented.

- Fourth of July Celebration - \$5.00 will be charged per vehicle attending the event to offset the costs of the event.
- Governing Board health insurance costs - no changes were made.
- User fees for dumpster collection were proposed to be increased.
- Cemetery lots will be \$500.00 for residents, \$1,000 for non-residents in existing cemeteries. They will be \$1,200 for residents and \$2,400 for non-residents in the new cemetery.

The Fire Department salary account was reviewed and Mr. Burchins stated the increase, with the exception of the proposed COLA increase for employees, was due to 53 weeks payroll having to be funded in next year's budget, holiday pay and personnel development costs.

Mr. Burchins stated that the staff will review incentive pay (shift pay) for all employees.

The Recreation staff will include in their monthly recreational reports, the number of residents and non-residents who use City facilities. Mayor Mullinax also suggested that Recreation Director Waters check with other cities to see how they handle user fees for City facilities.

A motion was made by Council Member Gaither, seconded by Council Member Dixon, that the parking lot rates be changed from \$10 to \$15 per month. Council Members Gaither, Dixon, Stedman, Rowe and Johnson voted for the change, Council Member Dellinger voted against it. The motion carried by a five to one vote.

After a lengthy discussion, a motion was made by Council Member Gaither, seconded by Council Member Johnson, that all City employees receive a 3% COLA (cost-of-living increase), no merit increases will be given next year. Council Members Gaither, Dixon, Stedman, Rowe and Johnson voted to grant the COLA to all employees,

Council Member Dellinger voted against it. The motion carried by a five to one vote.

- Included in the budget was \$38,000 for a Water Loss Study.
- A \$1.00 increase in customer service charges will be added to each electric, water and sewer account resulting in a \$3.00 increase per month.
- A 2% increase is included in electric rates.
- \$3,000 allocated to the Newton Depot Authority
- \$4,000 allocated to the Corner Table.

The Newton-Conover Rescue Squad did not make a request for funding since they received funds from a pilot project.

Mayor Mullinax stated that he asked Stan Winstead to meet with the City Council soon to give a report on NewtonFest and on monies made from the event. He said he told Mr. Winstead that the Council hoped at some time the DNDA would be self-sustaining and that the Council will looking at the amount the City would fund next year.

Council Member Dellinger stated that the City staff has talked with Maiden officials about them providing sewer capacity to Newton. The cost of capacity will be based on the actual cost of construction divided by the total gallons at an estimated cost per gallon of \$2.15 to \$2.35.

Mr. Burchins stated that he would talk with Maiden City Manager Todd Clark about their offer.

Mr. Burchins stated that the Council could adopt the proposed FY 2004-05 budget tonight or at the next meeting.

Council Member Dixon asked if there was any way budget line items could be trimmed further as he was worried about citizens on fixed incomes.

Mayor Mullinax stated there may be but what service or department could be cut.

Mr. Burchins stated this has been a difficult budget to prepare. He said perhaps the staff could eliminate a small amount but not much.

Mayor Mullinax suggested that between now and the next meeting that the staff look to see if there are items that can be reduced; and if so, do so but no specific amount was given.

There being no further business, the budget work session was adjourned.

Respectfully submitted,

Robert A. Mullinax, Mayor

Rita K. Williams, City Clerk

REGULAR MEETING - CITY COUNCIL - CITY OF NEWTONJUNE 1, 2004

The City Council of the City of Newton held a regular meeting at 7:00 PM on Tuesday, June 1, 2004 in the Council Chambers at City Hall with the following present: Mayor Robert Mullinax, Council Members Wayne Dellinger, Al Gaither, Tom Dixon, Tom Rowe, Anne Stedman, Roy Johnson, City Manager Edward Burchins, City Attorney Larry Pitts, Assistant City Manager Glenn Pattishall and City Clerk Rita Williams.

ITEM 1 - CALL TO ORDER.

Mayor Mullinax called the meeting to order and welcomed citizens in the audience.

ITEM 2 - OPENING - MAYOR PRO TEM ROWE.

Mayor Pro Tem Rowe gave the invocation and led the Pledge of Allegiance.

ITEM 3 - APPROVAL OF MINUTES OF THE MAY 17, 2004 BUDGET WORK SESSION, MAY 18, 2004 BUDGET WORK SESSION, MAY 19, 2004 BUDGET WORK SESSION, MAY 19, 2004 REGULAR MEETING AND MAY 20, 2004 BUDGET WORK SESSION.

A motion was made by Council Member Dixon, seconded by Council Member Stedman, and unanimously adopted that the minutes of the May 17, 2004 budget work session, May 18, 2004 budget work session, May 19, 2004 budget work session, May 19, 2004 regular meeting and May 20, 2004 budget work session be approved as submitted.

Mayor Mullinax read a Proclamation designating June 14, 2004 as National Flag Day and urged all citizens of Newton to pause at 7:00 PM on this day for the 25th annual National PAUSE FOR THE PLEDGE OF ALLEGIANCE to the Flag.

ITEM 4 - CONSIDERATION OF APPROVAL OF CONSENT AGENDA ITEMS.

A motion was made by Council Member Johnson, seconded by Mayor Pro Tem Rowe, and unanimously adopted to approve the following items on the Consent Agenda:

A. Sewer charge adjustments.

Charles Ammerman	\$190.08
Don Keller	\$182.09

B. Consideration of initiating court proceedings on the following code enforcement cases:

B.1 John Herron/Linda Creech nuisance violation.

RESOLUTION #17-2004
RESOLUTION OF THE CITY COUNCIL
OF THE
CITY OF NEWTON

CONCERNING:

OWNER/OCCUPANT/TENANT: Mr. John Herron and Ms. Linda Creech

OWNER'S ADDRESS: 621 E. 11th St., Newton, NC 28658

PROPERTY ADDRESS:

621 E. 11th St., Newton, NC 28658

TAX MAP REFERENCE: MAP 17N, BLOCK 04 LOT

21 (COUNTY Catawba)

PIN: 3740 10 26 7920

BEING A RESOLUTION directing the City Attorney for the City of Newton pursuant to Chapter 14-A Nuisances of the City of Newton Code to petition the Superior Court of

the General Court of Justice of the State of North Carolina for an order directing such owner named herein to comply with Order of the Code Enforcement Officer as authorized by Chapter 14-A, Nuisance of the City Code; and

WHEREAS, the City Council of the City of Newton finds that the property herein described is a safety and health hazard to the public under the provisions of the Nuisance Code and that the provisions of said Code have been complied with as a condition to the adoption of this resolution; and

WHEREAS, the owner of said property has failed and refused to comply with a lawful order of the Code Enforcement Officer to remove the same to meet the requirements of Nuisances Code within the time period prescribed;

NOW, THEREFORE; be it resolved by the City Council of the City of Newton that the City Attorney for the City of Newton pursuant to Chapter 14-A Abandoned Nuisance and Junk Motor Vehicles, Sections 14A-3, 14A-4, 14A-5 Code of the City be authorized and directed to petition the Superior Court of the General Court of Justice of the State of North Carolina for an order directing such owner named herein to comply with Order of the Code Enforcement Officer as authorized by the North Carolina General Statutes, said Order of the Code Enforcement Officer being dated May 24, 2004 and incorporated by reference into this Resolution.

ADOPTED THIS 1ST DAY OF JUNE, 2004.

ROBERT A. MULLINAX, MAYOR

ATTEST:

RITA K. WILLIAMS, CITY CLERK

ITEM 5 - PUBLIC HEARING ON PROPOSED FY 2004-2005 BUDGET.

Mayor Mullinax recessed the meeting and called to order a public hearing, as previously scheduled and advertised, to receive public input on the proposed FY 2004-2005 budget.

City Manager Burchins reviewed the proposed budget which totals \$27,830,750 and is 1/2 of 1% less than last year's budget. He said no tax rate increase was recommended in the budget and that it is proposed to remain at \$.44 per \$100 valuation. The Municipal Service District remains at 15 cents per \$100 valuation. He said there have been reductions in the 1% Local Option Sales Tax, 1/2% Local Option Sales Tax and N. C. Utility Franchise Tax received by the City which has impacted on revenues. He stated the budget recommends an increase in service charges on electric, water and sewer accounts of \$1.00 each per month, an increase in cemetery lot costs, Planning Department fees, Fire Department fees and commercial dumpster fees. He said the budget includes a recommended 3% Cost of Living adjustment for employees, no merit increases, a 1.9% increase in Group health insurance costs, and a budget increase due to a 53 week year (approximately \$125,000 for wages and benefits). Funds are included for a Pay and Classification Study and a Personnel Code update. Two vacant positions will be frozen for one year, three retiring positions will be frozen mid-year and two positions were transferred to other funds.

Mr. Burchins further stated that no water and sewer rate increase is proposed. A 2% electric rate increase is proposed as the City received a 2% increase from its supplier which will be passed on to Newton's customers.

Mr. Burchins reviewed the Mayor-Council Goals adopted at the Council's annual planning work shop. He outlined needed capital outlay items to be purchased during FY 2004-05 and capital projects which have been approved by the Council.

Mayor Mullinax asked if there was anyone in the audience who wanted to speak

for or against the proposed budget and no one appeared to speak. He closed the public hearing and called the Council meeting back into session.

ITEM 6 - OLD BUSINESS:

A. Discussion on refinancing existing non-bond debt.

City Manager Burchins stated there were a number of needed capital projects which have not been set up for financing yet. He said the staff has had the opportunity to look at debt financing and management including how the City might refinance its existing non-bond debt to help fund needed capital projects and to help with the City's cash flow. He said Finance Director Jim Baker has been conferring with the Local Government Commission regarding the possible refinancing of the City's existing non-bond debt.

Mr. Burchins and Finance Director Baker gave a lengthy, detailed report on how the non-bond debt could be refinanced over a longer period of time to pay for needed capital projects.

The Council held considerable discussion on the matter and Council Members gave varied opinions and voiced their concerns on the proposed refinancing.

After the discussion, Council Member Rowe introduced the following resolution, the title of which was read and copies of which had been distributed to each Council Member:

RESOLUTION #19-2004

RESOLUTION MAKING CERTAIN FINDINGS AND DETERMINATIONS REGARDING THE REFINANCING OF CERTAIN UTILITIES SYSTEMS IMPROVEMENTS AND EQUIPMENT PURSUANT TO AN INSTALLMENT FINANCING AND REQUESTING THE LOCAL GOVERNMENT COMMISSION TO APPROVE THE FINANCING ARRANGEMENT

BE IT RESOLVED by the City Council of the City of Newton, North Carolina (the "City") as follows:

Section 1. The City Council does hereby find and determine as follows:

(a) There exists in the City a desire to refinance two existing installment financing agreements to achieve increased cash flow savings for the City.

(b) After due consideration, the City has determined to enter into one or more installment financing agreements (the "Agreement") in an aggregate principal amount not to exceed \$4,500,000 to pay the cost of refinancing two existing installment financing agreements pursuant to which the City financed the cost of certain improvements and equipment for the City's utilities systems (the "Project").

(c) The City will enter into the Agreement with the lending institution having the most favorable interest rates and terms acceptable to the City (the "Bank"), pursuant to which Agreement said Bank will advance to the City amounts sufficient to pay the cost of the refinancing, and the City will repay the advancement in installments, with interest (the "Installment Payments").

(d) In order to secure its obligations under the Agreement, the City will execute and deliver a deed or trust or security agreement granting a lien on, or security interest in, all or a portion of the Project.

(e) It is in the best interest of the City to enter into the Agreement and related security documents in that such transaction will result in providing the refinancing of the Project in an efficient and cost effective manner.

(f) Entering into the Agreement is preferable to a general obligation bond and revenue bond issue for such purpose.

(g) It has been determined by the City Council that the cost of the refinancing through an installment financing agreement is reasonable comparable to the costs of issuing general obligation bonds or other available methods of financing and is acceptable to the City Council.

(h) Counsel to the City will render an opinion to the effect that the proposed undertaking as described above is authorized by law and is a purpose for which public funds may be expended pursuant to the Constitution and laws of the State of North Carolina.

(I) The debt management policies of the City have been carried out in strict compliance with law, and the City is not in default under any obligation for repayment of borrowed money.

(j) No tax rate increase is anticipated to be necessary to pay the Installment Payments under the Agreement.

Section 2. The City Council hereby authorizes and approves the filing of an application with the Local Government Commission for approval of the Agreement and requests the Local Government Commission to approve of the Agreement and the proposed financing in connection therewith.

Section 3. This resolution shall take effect immediately upon its passage.

Upon motion of Council Member Dixon, seconded by Council Member Gaither, the foregoing resolution entitled "RESOLUTION MAKING CERTAIN FINDINGS AND DETERMINATIONS REGARDING THE REFINANCING OF CERTAIN UTILITIES SYSTEMS IMPROVEMENTS AND EQUIPMENT PURSUANT TO AN INSTALLMENT FINANCING AND REQUESTING THE LOCAL GOVERNMENT COMMISSION TO APPROVE THE FINANCING ARRANGEMENT" was passed by the following vote:

Ayes: Council Members Stedman, Gaither, Rowe, Dixon and Johnson

Noes: Council Member Dellinger

WITNESS my hand and official seal of said City this 1st day of June, 2004.

Rita K. Williams, City Clerk

B. Consideration of award of bid on Wastewater Treatment Plant.

Public Works and Utilities Director Marty Wilson and Engineer Charles Willis of Willis Engineers reported that bids and alternates for additional items for the wastewater treatment plant upgrade were opened on May 13, 2004. Following the bid opening, the staff was advised by a representative of Hickory Construction Company (who was the low bidder) that they had made an error in their bid by not including the prices of all of the necessary equipment equaling \$285,000 and requested their bid be withdrawn. Mr. Wilson said the alternate items bid were not included in the previous estimate provided to the Council but are items that have been identified as problem areas and will need to be repaired or replaced in the near future.

After review of the bids, Mr. Willis stated that the staff recommended the base bid of \$1,839,031 (Contract 18.0) be awarded to Dellinger, Inc. (who was the next low bidder).

A motion was made by Council Member Gaither, seconded by Council Member Johnson, and unanimously adopted to allow Hickory Construction Company to withdraw their bid and award the bid for Contract 18.0 to Dellinger, Inc. in the amount of

\$1,839.31.

A motion was made by Council Member Rowe, seconded by Council Member Stedman, and unanimously adopted to approve the amendment to the Capital Project Ordinance for the wastewater treatment plant improvements.

ORDINANCE #2004.27 ATTACHED

ITEM 7 - NEW BUSINESS:

A. Consideration of Enhancement Grant Phase II of Greenway.

Assistant City Manager Pattishall reviewed a map of Phase II for the Heritage Trail Greenway that is being proposed as the City's Enhancement Grant Application for 2004. He said the trail will be a 12 foot wide paved surface that will cross County Government Center property, as well as land that the City owns in the Courtyard Subdivision and then tie in with property that the City owns at the electrical delivery point on Hwy. 10 West. Mr. Pattishall stated that the City is in the process of planning for and constructing the first phase which is from West 7th Street south to the County Government Center property where the second phase would pick up. The estimated cost for the second phase project is \$125,000. He said it was anticipated that city labor would be used for this and it will be under the statutory maximum for force account labor. It has already received support from Catawba County, the Catawba Valley Heritage Alliance and the Greater Hickory Metropolitan Planning Organization. There will be a 20% match or approximately \$25,000 which the City would be expected to pay towards this project, with the grant amount being \$100,000. It is a reimbursement program, meaning that once the project has been completed and certified, NCDOT would reimburse the City all eligible expenses up to \$100,000 for the grant application.

Mr. Pattishall stated that the staff recommended the Council approve the grant application and authorize the Mayor to issue a Letter of City Commitment towards the project.

A motion was made by Council Member Stedman, seconded by Council Member Rowe, and unanimously adopted to approve the grant application and authorize the Mayor's execution of a Letter of Commitment from the City for 20% of the eligible project expenses towards the Enhancement Grant.

B. Consideration of changing date of second meeting in June from June 16 to June 23, 2004.

A motion was made by Council Member Dixon, seconded by Council Member Johnson, and unanimously adopted to change the date of the second meeting in June from June 16 to June 23, 2004 as recommended by the City staff.

ITEM 8 - CITY MANAGER'S REPORT.

City Manager Burchins reported that the staff prepared a list of issues which were to be presented to area legislators when the City helped sponsor the legislative breakfast recently. He requested the Council adopt a Resolution in support of amendment one: self-financing bonds: which is a local economic development tool to create quality jobs, revitalize communities and attract new economic opportunities in North Carolina.

A motion was made by Council Member Johnson, seconded by Council Member Rowe, and unanimously adopted to approve the following Resolution:

RESOLUTION # 20-2004

RESOLUTION IN SUPPORT OF AMENDMENT ONE: SELF-FINANCING BONDS: A LOCAL ECONOMIC DEVELOPMENT TOOL TO CREATE QUALITY JOBS, REVITALIZE COMMUNITIES AND ATTRACT NEW ECONOMIC OPPORTUNITIES IN NORTH CAROLINA

WHEREAS, The City of Newton has a need to attract more jobs and economic development; and

WHEREAS, self-financing development bonds will have a direct impact on creating new jobs, new investment, and strengthening the tax base in our state; and

WHEREAS, communities across the nation have used these bonds successfully to promote economic development; and

WHEREAS, the use of these bonds will make a difference for every community - urban, suburban and rural; and

WHEREAS, these bonds will give local governments flexibility to pursue multiple types of economic development projects including industrial site development, redevelopment of existing industrial and Brownfield sites, affordable housing and community revitalization; and

WHEREAS, these bonds allow North Carolina's local governments to use a new mechanism to invest in public improvements designed to attract private sector investment; and

WHEREAS, North Carolina is only one of two states in the nation that do not have this economic development tool; and

WHEREAS, self-financing development bonds have received wide-range bi-partisan support from the General Assembly and the business community, as well as municipal, county and state government and Governors Holshouser, Martin and Hunt; and

WHEREAS, North Carolina will have some of the strongest safeguards in the country to ensure self-financing bonds are used for good purposes; and

WHEREAS, these bonds are subject to voter approval on the November 2004 ballot and deserve rightful consideration by the citizens of the State; and

NOW, THEREFORE, BE IT RESOLVED THAT the City Council of the City of Newton strongly supports self-financing development bonds because now is the time to enhance our ability to create new jobs and investment in our community/county.

BE IT FURTHER RESOLVED that the City Council pledges to work to educate and inform the citizens of our state and community about the importance of self-financing development bonds in providing jobs and improving the economic competitiveness, and pledges to encourage voters to approve the measure in November 2004.

This is the first day of June, 2004.

Robert A. Mullinax, Mayor

Attest:

Rita K. Williams, City Clerk

There being no further business, the meeting was adjourned.

Respectfully submitted,

Robert A. Mullinax, Mayor

Rita K. Williams, City Clerk